Land Agreements & Easements:
Landowners' Perspective

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Windustry

- Creating an understanding of wind energy opportunities for rural economic benefit.
- The Windustry Newsletter
- www.Windustry.org
- WindProject Calculator (newly updated)
- Developing: Wind Energy Network

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What makes a good wind project?

- Average wind speed
- Proximity/access to the grid
- Cost of capital
- State and Federal incentives
- Market for the power

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Wind Development Models

Three Main Types:

- Large Wind Plants - large number of utility scale wind turbines
- Dispersed Wind Projects -small clusters of utility scale wind turbines
  - includes distributed generation
- Small wind turbines - sized for residential, farms or small businesses

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Large Wind Plants

- Concentration of large wind turbines.
- High voltage transmission lines required.
- Power delivered to distant population or load center.
- Economies of scale are the main advantage here.
- Currently the most common model of development.
- Wind easements and tax revenue are biggest local impacts.

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Southwest Minnesota

Dispersed Wind Development

- Single or small clusters of large wind turbines
- Connected to existing or upgraded distribution grid
- Power contracted for distant load or local use, (local use is distributed generation)
- More and more examples of locally-owned/financed dispersed projects
- Often owned & operated by a local utility, farmer/landowner enterprise, small business or community-based entity, i.e. school district

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Wind Development: Risk vs. Reward

Lower Risk & Responsibility: Lower Reward

Leasing Land

Wind Company, Utility

Intermediate Risk & Responsibility: Intermediate Reward

Cooperative, Investment Pool, Partnership

Greater Risk & Responsibility: Greater Reward

Individual Ownership

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Wind Energy Development

- BigCo Wind Projects
  - Wind easements
  - Local revenue (taxes or payments in lieu of)
  - Potential for local new Jobs
- Community and Local projects
  - Same benefits as above
  - Energy production revenue stays local, may be tax exempt
  - Tend to use more local businesses (such as banks, engineering firms, and construction contractors)
  - Local investment opportunities

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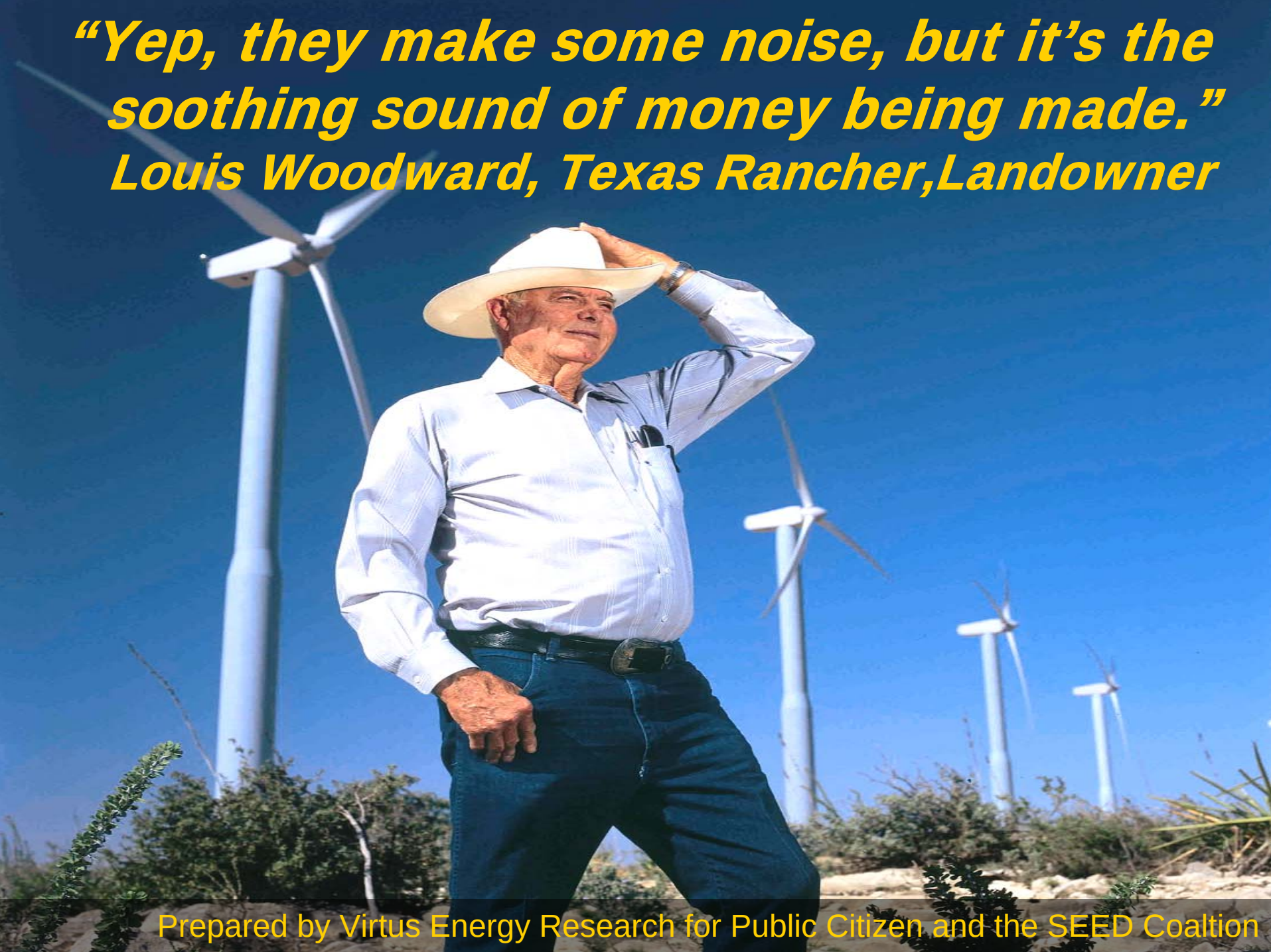
“Yep, they make some noise, but it’s the soothing sound of money being made.”
Louis Woodward, Texas Rancher,Landowner

Large wind projects:
Local involvement- wind easements

- No standards
  - Some good, some bad, some ugly
- Terms
  - Very widely, typical range is $2,500-$5,000 per turbine per year
  - Range from 20 years to perpetuity, most common 25-40 years
- Main benefit
  - A way to participate in wind development with no cash outlay from landowner
  - Least amount of risk to landowner

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Wind Easements

- More options for landowners are emerging, but leasing land remains the most common.
- Landowners are becoming educated about...
  - The value of windy land
  - Their wind resource
  - Options beyond leasing land
- Turbines are bigger and competition for good sites has increased.

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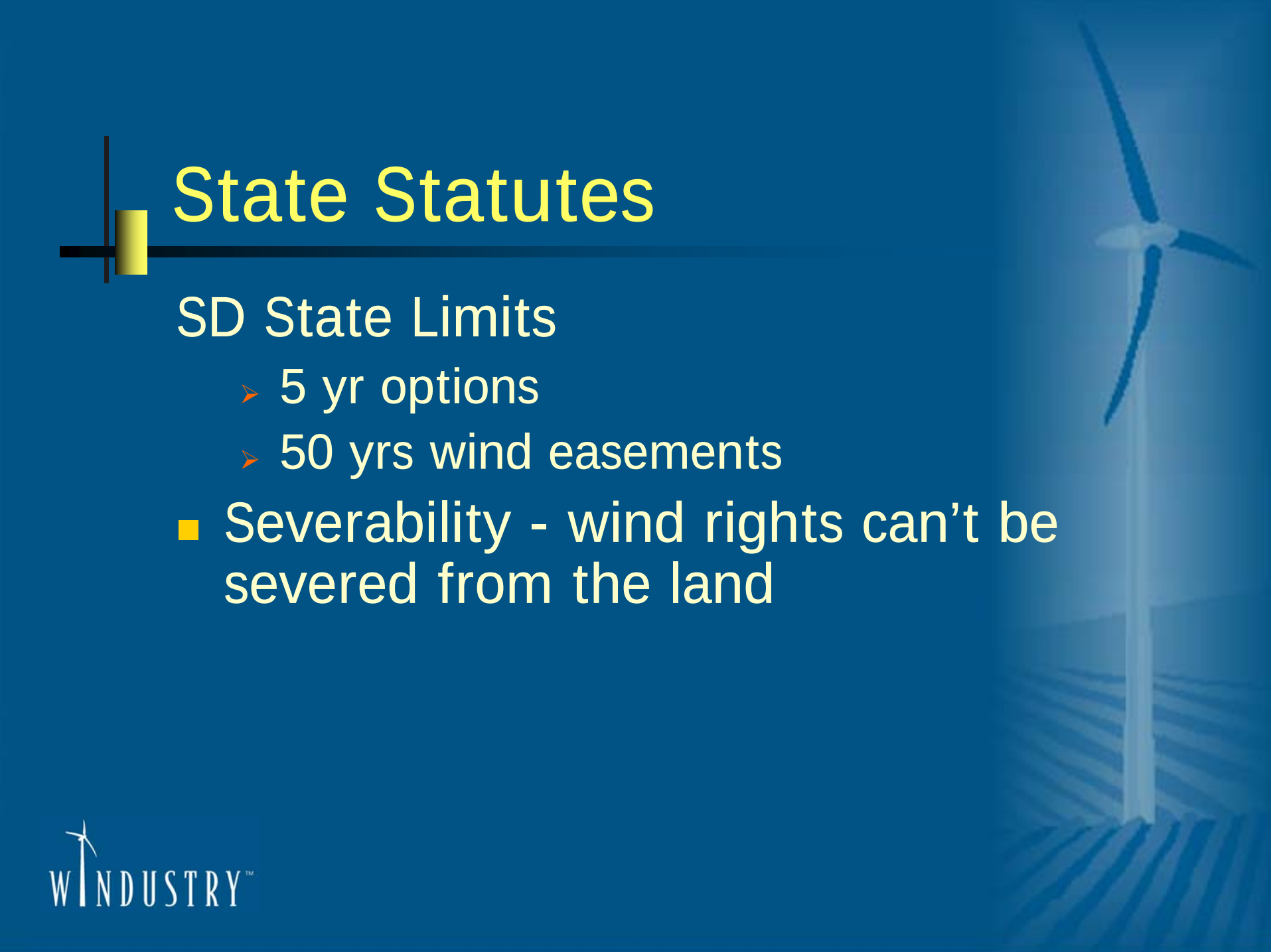
State Statutes

SD State Limits

- 5 yr options
- 50 yrs wind easements

- Severability - wind rights can't be severed from the land



Easements: Lessons Learned

Best results when landowner has good info on:

- The area's wind resource
- Wind developer's history
- Wind energy project economics
- Stays involved with siting of machines and roads
- Size of machine developer will use matters if easement is based on a percent of revenue

- Consult a qualified attorney before signing anything.

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Easement Issues

- Definitions:
  - When the contract begins
  - When it ends
  - What happens when no development takes place
  - Can I work with the guy who will be siting the wind turbines
  - How much of my land is included
  - What is included in gross revenue of project

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Landowners Payments

- The Result: Wind Easement Contracts are becoming more lucrative for landowners
  - Old: $2,000 per year per turbine (based on late 1990s Enron developments in Iowa)
  - Recent: Reports of $5,000 or $6,000 per turbine per year in Illinois

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Landowners Payments

- Contracts still might fall anywhere in this range, but:
  - As turbines get bigger, payments to landowners have gotten bigger
  - More education means better deals for landowners
  - Looking closely at contract structures can yield better results
    - Revenue percentages
    - Set annual payments
    - Landowner Amendments

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Community/Local Ownership

Now Operating

- Several Individual farmers in Minnesota

Under 2 MWs

- Minwind I and Minwind II- Two 2 MW

Upcoming Projects to Watch

- USDA grant recipients
- Harvest Land Cooperative- 10-12 MW
- Trimont Wind- Locally owned- 100 MW

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Community Wind Projects

- Municipal Utilities

  Example: Moorhead, MN- highest green pricing program subscription rate in the nation; LaMar, CO; Waverly, IA

- School districts

  Examples: Spirit Lake, IA • Eldora, IA • Lac Qui Parle School, MN- integrated into school curriculum

- Tribal Communities

  Example: Rosebud, SD- first Native American-owned large-scale wind turbine in the US

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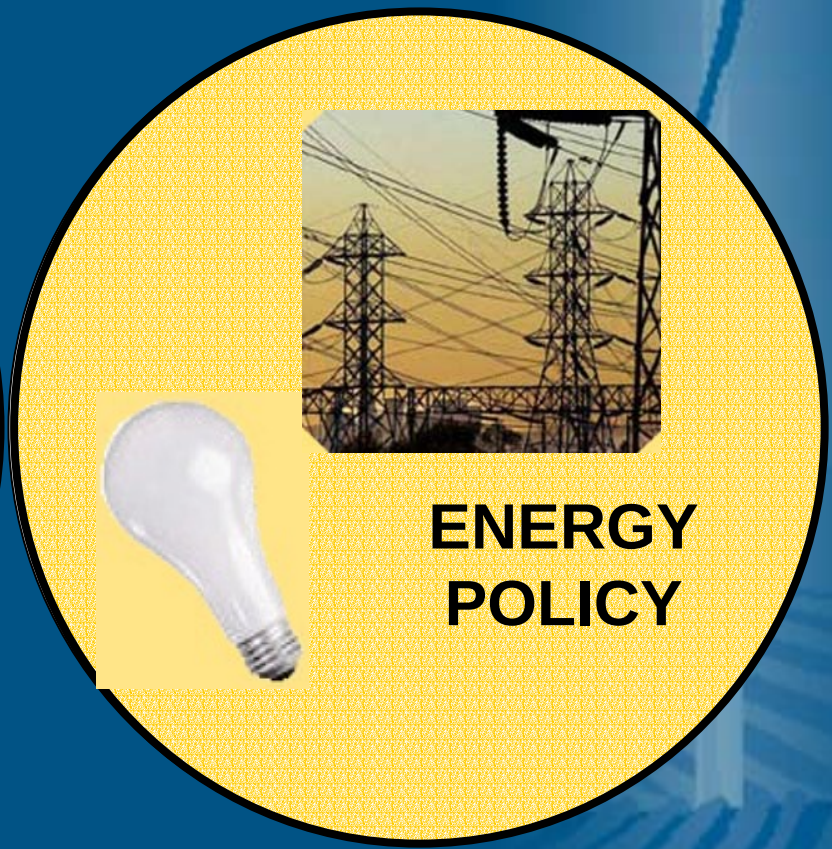
Energy and Agriculture



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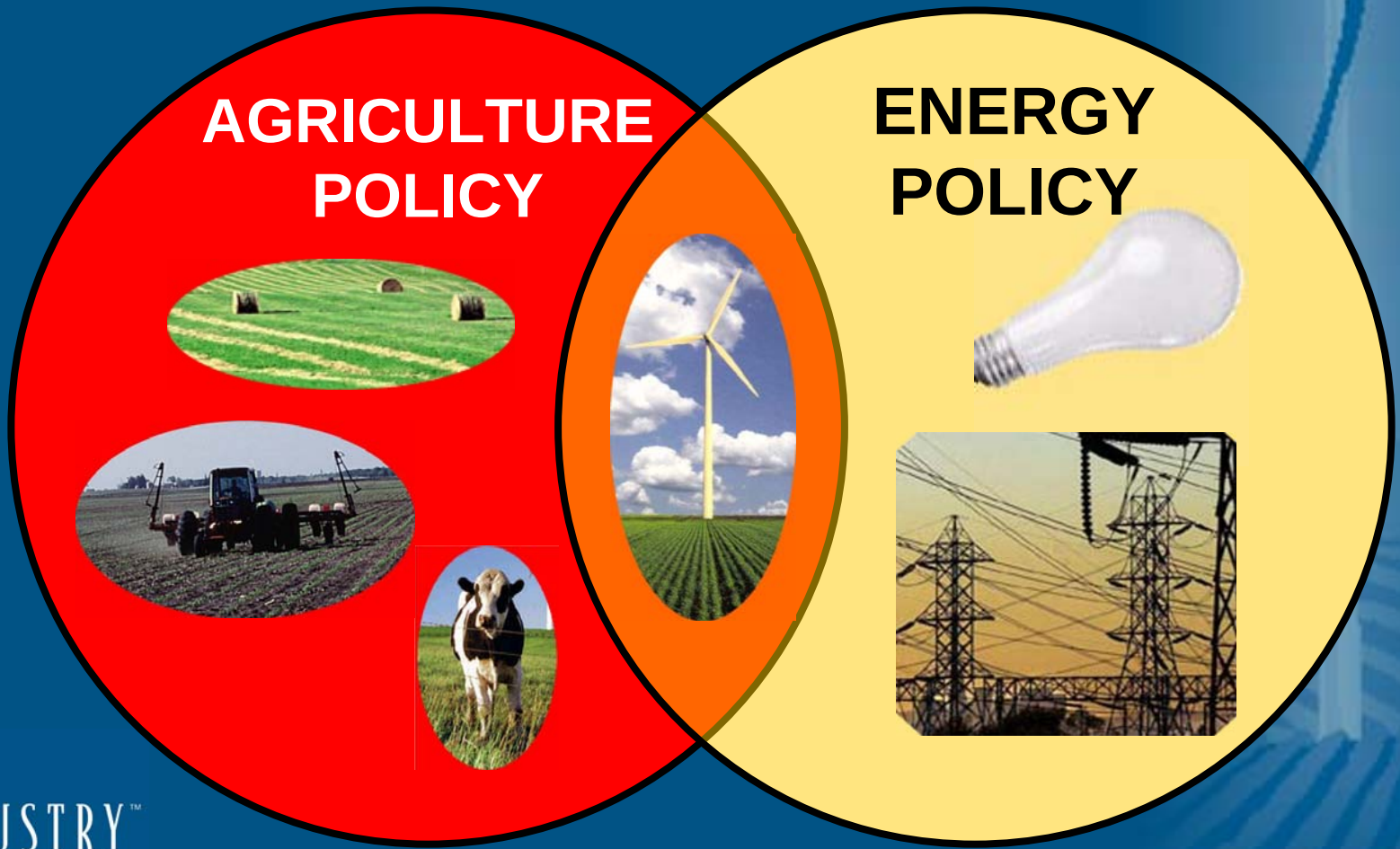

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